



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB2500

Introduced 2/18/2015, by Rep. Daniel J. Burke

SYNOPSIS AS INTRODUCED:

40 ILCS 5/1-160

Amends the Illinois Pension Code. In provisions that are applicable to new hires, provides that the alternative retirement annuity in the State Employees Article of the Code is available to any person employed in a title or position by a State agency or the Office of Secretary of State and vested with such investigative, law enforcement, or peace officer duties as render him or her ineligible for coverage under the Social Security Act (instead of only to a person who is a State policeman, fire fighter in the fire protection service of a department, or security employee of the Department of Corrections or the Department of Juvenile Justice).

LRB099 08754 RPS 28922 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by changing
5 Section 1-160 as follows:

6 (40 ILCS 5/1-160)

7 Sec. 1-160. Provisions applicable to new hires.

8 (a) The provisions of this Section apply to a person who,
9 on or after January 1, 2011, first becomes a member or a
10 participant under any reciprocal retirement system or pension
11 fund established under this Code, other than a retirement
12 system or pension fund established under Article 2, 3, 4, 5, 6,
13 15 or 18 of this Code, notwithstanding any other provision of
14 this Code to the contrary, but do not apply to any self-managed
15 plan established under this Code, to any person with respect to
16 service as a sheriff's law enforcement employee under Article
17 7, or to any participant of the retirement plan established
18 under Section 22-101. Notwithstanding anything to the contrary
19 in this Section, for purposes of this Section, a person who
20 participated in a retirement system under Article 15 prior to
21 January 1, 2011 shall be deemed a person who first became a
22 member or participant prior to January 1, 2011 under any
23 retirement system or pension fund subject to this Section. The

1 changes made to this Section by Public Act 98-596 are a
2 clarification of existing law and are intended to be
3 retroactive to the effective date of Public Act 96-889,
4 notwithstanding the provisions of Section 1-103.1 of this Code.

5 (b) "Final average salary" means the average monthly (or
6 annual) salary obtained by dividing the total salary or
7 earnings calculated under the Article applicable to the member
8 or participant during the 96 consecutive months (or 8
9 consecutive years) of service within the last 120 months (or 10
10 years) of service in which the total salary or earnings
11 calculated under the applicable Article was the highest by the
12 number of months (or years) of service in that period. For the
13 purposes of a person who first becomes a member or participant
14 of any retirement system or pension fund to which this Section
15 applies on or after January 1, 2011, in this Code, "final
16 average salary" shall be substituted for the following:

17 (1) In Article 7 (except for service as sheriff's law
18 enforcement employees), "final rate of earnings".

19 (2) In Articles 8, 9, 10, 11, and 12, "highest average
20 annual salary for any 4 consecutive years within the last
21 10 years of service immediately preceding the date of
22 withdrawal".

23 (3) In Article 13, "average final salary".

24 (4) In Article 14, "final average compensation".

25 (5) In Article 17, "average salary".

26 (6) In Section 22-207, "wages or salary received by him

1 at the date of retirement or discharge".

2 (b-5) Beginning on January 1, 2011, for all purposes under
3 this Code (including without limitation the calculation of
4 benefits and employee contributions), the annual earnings,
5 salary, or wages (based on the plan year) of a member or
6 participant to whom this Section applies shall not exceed
7 \$106,800; however, that amount shall annually thereafter be
8 increased by the lesser of (i) 3% of that amount, including all
9 previous adjustments, or (ii) one-half the annual unadjusted
10 percentage increase (but not less than zero) in the consumer
11 price index-u for the 12 months ending with the September
12 preceding each November 1, including all previous adjustments.

13 For the purposes of this Section, "consumer price index-u"
14 means the index published by the Bureau of Labor Statistics of
15 the United States Department of Labor that measures the average
16 change in prices of goods and services purchased by all urban
17 consumers, United States city average, all items, 1982-84 =
18 100. The new amount resulting from each annual adjustment shall
19 be determined by the Public Pension Division of the Department
20 of Insurance and made available to the boards of the retirement
21 systems and pension funds by November 1 of each year.

22 (c) A member or participant is entitled to a retirement
23 annuity upon written application if he or she has attained age
24 67 (beginning January 1, 2015, age 65 with respect to service
25 under Article 8, 11, or 12 of this Code that is subject to this
26 Section) and has at least 10 years of service credit and is

1 otherwise eligible under the requirements of the applicable
2 Article.

3 A member or participant who has attained age 62 (beginning
4 January 1, 2015, age 60 with respect to service under Article
5 8, 11, or 12 of this Code that is subject to this Section) and
6 has at least 10 years of service credit and is otherwise
7 eligible under the requirements of the applicable Article may
8 elect to receive the lower retirement annuity provided in
9 subsection (d) of this Section.

10 (d) The retirement annuity of a member or participant who
11 is retiring after attaining age 62 (beginning January 1, 2015,
12 age 60 with respect to service under Article 8, 11, or 12 of
13 this Code that is subject to this Section) with at least 10
14 years of service credit shall be reduced by one-half of 1% for
15 each full month that the member's age is under age 67
16 (beginning January 1, 2015, age 65 with respect to service
17 under Article 8, 11, or 12 of this Code that is subject to this
18 Section).

19 (e) Any retirement annuity or supplemental annuity shall be
20 subject to annual increases on the January 1 occurring either
21 on or after the attainment of age 67 (beginning January 1,
22 2015, age 65 with respect to service under Article 8, 11, or 12
23 of this Code that is subject to this Section) or the first
24 anniversary (the second anniversary with respect to service
25 under Article 8 or 11) of the annuity start date, whichever is
26 later. Each annual increase shall be calculated at 3% or

1 one-half the annual unadjusted percentage increase (but not
2 less than zero) in the consumer price index-u for the 12 months
3 ending with the September preceding each November 1, whichever
4 is less, of the originally granted retirement annuity. If the
5 annual unadjusted percentage change in the consumer price
6 index-u for the 12 months ending with the September preceding
7 each November 1 is zero or there is a decrease, then the
8 annuity shall not be increased.

9 Notwithstanding any provision of this Section to the
10 contrary, with respect to service under Article 8 or 11 of this
11 Code that is subject to this Section, no annual increase under
12 this subsection shall be paid or accrue to any person in year
13 2025. In all other years, the Fund shall continue to pay annual
14 increases as provided in this Section.

15 Notwithstanding Section 1-103.1 of this Code, the changes
16 in this amendatory Act of the 98th General Assembly are
17 applicable without regard to whether the employee was in active
18 service on or after the effective date of this amendatory Act
19 of the 98th General Assembly.

20 (f) The initial survivor's or widow's annuity of an
21 otherwise eligible survivor or widow of a retired member or
22 participant who first became a member or participant on or
23 after January 1, 2011 shall be in the amount of 66 2/3% of the
24 retired member's or participant's retirement annuity at the
25 date of death. In the case of the death of a member or
26 participant who has not retired and who first became a member

1 or participant on or after January 1, 2011, eligibility for a
2 survivor's or widow's annuity shall be determined by the
3 applicable Article of this Code. The initial benefit shall be
4 66 2/3% of the earned annuity without a reduction due to age. A
5 child's annuity of an otherwise eligible child shall be in the
6 amount prescribed under each Article if applicable. Any
7 survivor's or widow's annuity shall be increased (1) on each
8 January 1 occurring on or after the commencement of the annuity
9 if the deceased member died while receiving a retirement
10 annuity or (2) in other cases, on each January 1 occurring
11 after the first anniversary of the commencement of the annuity.
12 Each annual increase shall be calculated at 3% or one-half the
13 annual unadjusted percentage increase (but not less than zero)
14 in the consumer price index-u for the 12 months ending with the
15 September preceding each November 1, whichever is less, of the
16 originally granted survivor's annuity. If the annual
17 unadjusted percentage change in the consumer price index-u for
18 the 12 months ending with the September preceding each November
19 1 is zero or there is a decrease, then the annuity shall not be
20 increased.

21 (g) The benefits in Section 14-110 apply only if the person
22 is employed in a title or position by any State agency or the
23 Office of Secretary of State and vested with such
24 investigative, law enforcement, or peace officer duties as
25 render him or her ineligible for coverage under the Social
26 Security Act by reason of Sections 218(d) (5) (A), 218(d) (8) (D),

1 and 218(1)(1) of that Act, including a State policeman, a fire
2 fighter in the fire protection service of a department, or a
3 security employee of the Department of Corrections or the
4 Department of Juvenile Justice, as those terms are defined in
5 subsection (b) of Section 14-110. A person who meets the
6 requirements of this Section is entitled to an annuity
7 calculated under the provisions of Section 14-110, in lieu of
8 the regular or minimum retirement annuity, only if the person
9 has withdrawn from service with not less than 20 years of
10 eligible creditable service and has attained age 60, regardless
11 of whether the attainment of age 60 occurs while the person is
12 still in service.

13 (h) If a person who first becomes a member or a participant
14 of a retirement system or pension fund subject to this Section
15 on or after January 1, 2011 is receiving a retirement annuity
16 or retirement pension under that system or fund and becomes a
17 member or participant under any other system or fund created by
18 this Code and is employed on a full-time basis, except for
19 those members or participants exempted from the provisions of
20 this Section under subsection (a) of this Section, then the
21 person's retirement annuity or retirement pension under that
22 system or fund shall be suspended during that employment. Upon
23 termination of that employment, the person's retirement
24 annuity or retirement pension payments shall resume and be
25 recalculated if recalculation is provided for under the
26 applicable Article of this Code.

1 If a person who first becomes a member of a retirement
2 system or pension fund subject to this Section on or after
3 January 1, 2012 and is receiving a retirement annuity or
4 retirement pension under that system or fund and accepts on a
5 contractual basis a position to provide services to a
6 governmental entity from which he or she has retired, then that
7 person's annuity or retirement pension earned as an active
8 employee of the employer shall be suspended during that
9 contractual service. A person receiving an annuity or
10 retirement pension under this Code shall notify the pension
11 fund or retirement system from which he or she is receiving an
12 annuity or retirement pension, as well as his or her
13 contractual employer, of his or her retirement status before
14 accepting contractual employment. A person who fails to submit
15 such notification shall be guilty of a Class A misdemeanor and
16 required to pay a fine of \$1,000. Upon termination of that
17 contractual employment, the person's retirement annuity or
18 retirement pension payments shall resume and, if appropriate,
19 be recalculated under the applicable provisions of this Code.

20 (i) (Blank).

21 (j) In the case of a conflict between the provisions of
22 this Section and any other provision of this Code, the
23 provisions of this Section shall control.

24 (Source: P.A. 97-609, eff. 1-1-12; 98-92, eff. 7-16-13; 98-596,
25 eff. 11-19-13; 98-622, eff. 6-1-14; 98-641, eff. 6-9-14.)